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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 001658

SIPDIS

STATE FOR SA/INS, DS/IP/SA NSC FOR GREEN/DORMANDY LONDON FOR POL-BELL

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TAGS: PTER PGOV ASEC NP SUBJECT: MAOISTS' VIRTUAL BLOCKADE EFFECTIVE; MAOIST

FEELERS ON WAY OUT OF INDUSTRY SHUTDOWN

REF: A. KATHMANDU 1644 ¶B. KATHMANDU 1632

Classified By: Ambassador James F. Moriarty, Reasons 1.4 (b/d)

11. (C) Although the virtual Maoist blockade of Kathmandu Valley continues, there are no reports of Maoist violence or incidents anywhere. Vehicle traffic remains very light due to fears of Maoist reprisals despite government attempts to reassure the people. Targeted industries remain closed in compliance with the All Nepali Trade Union Federation's threat. The Maoists may feel the closure of industries is creating a backlash and have sent feelers to find a way out of the current situation. End Summary.

BLOCKADE: LIMITED TRAFFIC MOVING

- Although there are reportedly no Maoists stationed or blockades erected anywhere along the roads into the Kathmandu Valley, people are still afraid to travel. Fear of landmines or possible Maoist reprisals has been enough to nearly halt traffic. Traffic remains light. According to the police, only eleven passenger buses, nineteen trucks, and 41 light vehicles entered Kathmandu Valley yesterday, and they came from a close distance. Nepal's National Security Council (NSC) updated Emboff that from 6:00 p.m. last night until 6:00 this morning, movement along the main highway into the valley from the Terai was limited to 126 vehicles (including 29 trucks) incoming and 148 vehicles (including thirteen trucks) outgoing. While exact number of vehicles moving today varies, there is a consensus that it is considerably less than normal. NSC reports indicate an increase since 6:00 a.m. Media contacts stated there are fewer vehicles on the "blocked" roads today, but police reports are contradictory. According to police control headquarters, as of 2:00 p.m. today, 77 vehicles (a mixture of light vehicles, motorcycles, a few buses and a couple of trucks) have traveled the road leading west to Pokhara and then south to the Terai (the Prithvi Highway). (The average flow along this main route--the Prithvi-Tribhuvan highway--is 1000 vehicles a day.) Eighty-eight vehicles (including 25 buses) have traveled the northwest road to Nuwakot as of mid-afternoon. Traffic flow on the road east to Bhaktapur and then northeast to Thatopani, which the Maoists did not target, is normal.
- 13. (C) Home Ministry Spokesman Gopendra Bahadur Pandey told the press that the government is escorting convoys of essential goods and passengers, however media contacts told the Public Affairs Section that there were no escorts today. Pandey also said that the government had increased the mobility of security forces along the highway and was ready to add more security if needed. DATT sources stated that two Royal Nepal Army (RNA) Brigades with responsibility for the main highway have a standing offer to escort vehicles in and out of the Valley.

## MAOIST FEELERS ON WAY OUT OF INDUSTRY SHUTDOWN

14. (C) Prabhakar Rana, a close confidante of the Palace and stake-holder of the Soaltee Hotel, told the Ambassador today the Maoists were surprised that the Soaltee actually decided to close after the August 16 pipe bombings and that other industries followed suit. Rana asserted that the Maoists appeared to feel they had gone further than intended and had already sent out feelers on how to climb down from the situation in which they found themselves. The Maoists were nervous that their support from workers would suffer significantly as a result of the industry closings, and widespread trade union condemnation. The industry closures, coupled with the recent execution of a journalist, was creating huge PR problems for the Maoists. Meanwhile, Rana added, the Soaltee had told the Maoists that it would remain closed unless the Maoists provided a written guarantee (which could be confidential) that they would no longer extort money from industries or threaten to close enterprises. Rana thought it unlikely the Maoists would provide such a quarantee.